



MEMORANDUM

TO: Dennis Fay
Alameda County Congestion Management Agency
FROM: CJ Strategies
RE: Legislative Update
DATE: March 2, 2009

FY09 Omnibus

The House passed the FY09 Omnibus appropriations bill last week. The Senate will take up the bill this week. It includes funding for the nine domestic bills that stalled last year. The package, which is roughly \$410 billion, would be about \$30 billion, or 8 percent, more than was spent on the nine bills in fiscal 2008. Passage in the Senate is less certain. As a result, another continuing resolution may be needed to buy time beyond March 6.

Republicans have criticized the size of the bill as well as the refusal of Democrats to make the bill public to date. They would prefer to see another continuing resolution extending through the rest of this fiscal year.

- The bill provides \$40.7 billion for Federal Aid Highways. This amount is \$500 million less than the obligation limitation set by SAFETEA-LU.
- The transit title of the omnibus bill would provide \$8.26 billion for formula and bus programs, \$100 million less than the authorized level.
- The New Starts/Small Starts Capital Investment Program would receive \$1.81 billion in the omnibus bill, a \$240 million increase over last year's level. This number is equal to the SAFETEA-LU authorized level.
- The bill includes \$475,000 for the I-580 HOV lane project.

FY10 Proposed Budget

Last week, the Obama Administration released broad outlines of its FY10 budget. The full budget will be sent to Congress in April. The proposed FY10 budget would fund the Department of Transportation at \$72.5 billion -- a \$2 billion increase from the estimated fiscal 2009 total. Additionally, the department received about \$48 billion in the stimulus package.

The Budget request includes a major proposal that would tear down the “firewall” around highway and transit funding and make it subject to the annual appropriations process. In his budget document, Obama said that with all transportation funding discretionary, taxpayers will have a more honest estimate of how much is being spent on such programs.

Currently, the transportation authorizing committees set the contract authority spending levels to ensure federal Highway Trust Fund revenues cannot be diverted to other domestic purposes. The protection was put in place in the 1998 highway law to stop the practice of appropriating less for highways than the gasoline tax was generating for the trust fund.

Chairman Oberstar and Chairwoman Boxer strongly oppose changing the law. We have attached a letter that was sent to the Administration on Friday.

The budget proposal includes an additional \$5 billion for high-speed rail grants beyond the \$8 billion already appropriated in the economic stimulus package.

Congress of the United States

Washington, DC 20515

February 27, 2009

The Honorable Barack Obama
President
The White House
Washington, D.C. 20500

Dear Mr. President:

The President's Budget released on February 26, 2009, reflects a proposal by the Office of Management and Budget (OMB) to change how programs funded by contract authority are treated for budget scoring purposes. Currently, the highway, transit, and airport grant programs are funded by contract authority, a form of mandatory budget authority, derived from the Highway Trust Fund and the Airport and Airway Trust Fund ("Aviation Trust Fund"). OMB proposes to no longer score contract authority as budget authority, but rather to score the obligation limitations that are imposed on these programs in annual appropriations acts as discretionary budget authority.

We strongly oppose this proposed scorekeeping rule change and any other budget process reform that fails to recognize the unique nature of Trust-Funded programs. Such a rule would essentially convert the mandatory contract authority that currently funds our highway, transit, and airport grant programs to a simple authorization of appropriations for budget scoring purposes.

While proponents of such a scorekeeping rule change argue that it would increase Trust Fund transparency, it would in fact do the opposite, by further merging Trust-Funded programs with non-Trust-Funded programs in the budget process. If any budget process reforms are to be made, they should serve to increase the separation of Trust-Funded programs from non-Trust-Funded programs.

We have a longstanding commitment to ensuring that the user fees deposited into the Highway and Aviation Trust Funds are in fact used for their intended purposes – to rebuild our nation's infrastructure. These Trust Funds represent a contract between the Federal Government and the user. This contract specified that certain user fees would be levied on the users of our surface and aviation transportation systems. In return, the Federal Government pledged to use the receipts to build transportation infrastructure for the taxpayer's use.

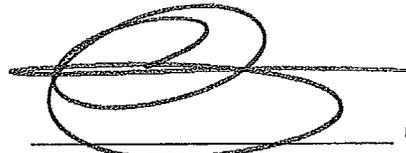
Over the past decade, we achieved hard-fought reforms to ensure that this contract was upheld, even in the context of the unified budget. These battles were largely put to rest

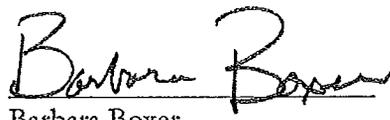
with the enactment of the funding guarantees established by the Transportation Equity Act for the 21st Century (TEA 21) in 1998 and the Aviation Investment and Reform Act for the 21st Century (AIR 21) in 2000. However, the OMB proposal raises these issues once again.

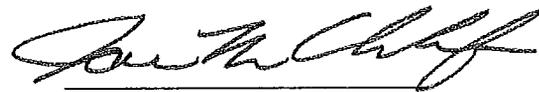
We urge you to reconsider OMB's ill-advised proposal.

Sincerely,

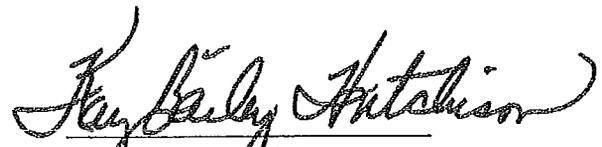

James L. Oberstar, M.C.
Chairman
Committee on Transportation
and Infrastructure

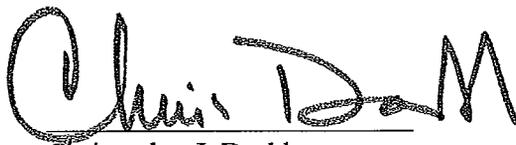

John L. Mica, M.C.
Ranking Member
Committee on Transportation
and Infrastructure

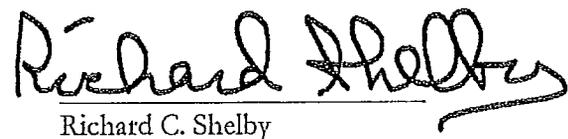

Barbara Boxer
Chairman
Committee on Environment
and Public Works


James M. Inhofe
Ranking Member
Committee on Environment
and Public Works


John D. Rockefeller, IV
Chairman
Committee on Commerce, Science,
and Transportation

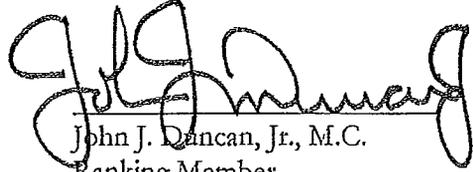

Kay Bailey Hutchison
Ranking Member
Committee on Commerce, Science,
and Transportation


Christopher J. Dodd
Chairman
Committee on Banking,
Housing, and Urban Affairs


Richard C. Shelby
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Peter A. DeFazio, M.C.
Chairman
Subcommittee on Highways
and Transit



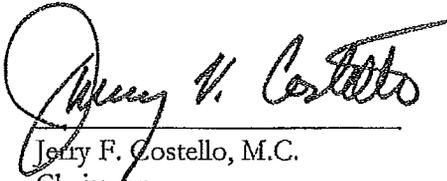
John J. Duncan, Jr., M.C.
Ranking Member
Subcommittee on Highways
and Transit



Max Baucus
Chairman
Committee on Finance, and
Subcommittee on Transportation
and Infrastructure



George V. Voinovich
Ranking Member
Subcommittee on Transportation
and Infrastructure



Jerry F. Costello, M.C.
Chairman
Subcommittee on Aviation



Thomas E. Petri, M.C.
Ranking Member
Subcommittee on Aviation

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